



BERKELEY*energia*

**Interim Financial Report
for the Half Year Ended
31 December 2018**

**Informe financiero provisional
correspondiente al semestre terminado el
31 de diciembre de 2018**

ABN 40 052 468 569

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CORPORATE DIRECTORY | DIRECTORIO CORPORATIVO

Directors

Mr Ian Middlemas	Chairman
Mr Paul Atherley	Managing Director and CEO
Mr Nigel Jones	Non-Executive Director
Mr Adam Parker	Non-Executive Director
Mr Deepankar Panigrahi	Non-Executive Director
Mr Robert Behets	Non-Executive Director

Company Secretary

Mr Dylan Browne

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Solicitors

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Stock Exchange Listing

Spain
United Kingdom
Madrid, Barcelona, Bilbao and Valencia Stock Exchanges
(Code: **BKY**)

United KingdomLondon Stock Exchange (LSE Code: **BKY**)AustraliaAustralian Securities Exchange (ASX Code: **BKY**)

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DIRECTORS' REPORT

The Board of Directors of Berkeley Energia Limited present their report on the consolidated entity of Berkeley Energia Limited ('the Company' or 'Berkeley') and the entities it controlled during the half year ended 31 December 2018 ('Consolidated Entity' or 'Group').

DIRECTORS

The names of the Directors of Berkeley in office during the half year and until the date of this report are:

Mr Ian Middlemas	Chairman
Mr Paul Atherley	Managing Director and CEO
Mr Nigel Jones	Non-Executive Director
Mr Adam Parker	Non-Executive Director
Mr Deepankar Panigrahi	Non-Executive Director
Mr Robert Behets	Non-Executive Director

Unless otherwise disclosed, Directors were in office from the beginning of the half year until the date of this report.

OPERATING AND FINANCIAL REVIEW

Highlights

Highlights for and subsequent to the half-year end include:

- **Permitting Update:**
 - The Company has received a number of favourable assessments from various regulatory bodies including two from the Nuclear Safety Council relating to the pre-operational Surveillance Plan for Radiological and Environmental Affections and the pre-operational Surveillance Plan for the Control of the Underground Water. The Company awaits the recommendation report from the Nuclear Safety Council to the relevant Minister.
 - The Company has been informed that the local municipality remains unable to grant the Express Resolution on the award of the Urbanism Licence due to a number of outstanding items. These outstanding items have been previously disclosed and are currently being addressed by the Company.
 - The Salamanca mine is being developed to the highest international standards and the Company's commitment to the environment remains a priority. It holds certificates in Sustainable Mining and Environmental Excellence which were awarded by AENOR, an independent Spanish government agency. The Company has been re-awarded both certificates following a consultation process with the agency.
- **Uranium market:**
 - The spot uranium price continued to strengthen during the half-year, ending at US\$28.50 per pound.
 - The fundamentals for uranium remain very strong with continued supply disruption being met by a recontracting cycle for US and EU utilities; and continued increases in global nuclear capacity.
 - The Company has 2.75 million pounds of U₃O₈ under contract for the first six years, with a further 1.25 million pounds of optional volume, at an average price above US\$42 per pound.
- **Exploration:**
 - Soil samples collected near the Salamanca mine have, in addition to uranium, noted significant anomalies for other elements such as gold, lithium, cobalt, tin and rare earths.
 - The company has applied for twelve new investigation permits for all the other elements covering more than 350 km²
- **Engineering Studies:**
 - The Company continues to undertake reviews of the engineering design of the project.
- **Balance Sheet:**
 - The Company is in a strong financial position with A\$100 million in cash.

OPERATING AND FINANCIAL REVIEW (Continued)

Permitting update

The Company has received a number of favourable assessments from various regulatory bodies including two from the Nuclear Safety Council relating to the pre-operational Surveillance Plan for Radiological and Environmental Affections and the pre-operational Surveillance Plan for the Control of the Underground Water. The Company awaits the recommendation report from the Nuclear Safety Council to the relevant Minister.

The Company has been informed that the local municipality remains unable to grant the Express Resolution on the award of the Urbanism Licence due to a number of outstanding items. These outstanding items have been previously disclosed and are being addressed by the Company.

The Salamanca mine is being developed to the highest international standards and the Company's commitment to the environment remains a priority. It holds certificates in Sustainable Mining and Environmental Excellence which were awarded by AENOR, an independent Spanish government agency. The Company has been re-awarded both certificates following a consultation process with the agency.

Uranium Market

The uranium price continued to strengthen during the half-year, ending the year at US\$28.50 per pound.

The fundamentals for uranium remain very strong.

China is expected to double its nuclear capacity by 2020 and then double again by 2035. In total, 58 reactors are currently under construction globally, a 25 year high in nuclear growth.

US utilities urgently need to start buying as high priced 2005-2007 contracts run off. EU utilities also need to recontract, at the same time as Japanese utilities come back on line after the disruption to the Japanese nuclear industry from Fukushima.

Meanwhile, supply cuts continue and it is estimated that approximately 25% of global production was cut in 2018.

The Company has 2.75 million pounds of U_3O_8 under contract for the first six years, with a further 1.25 million pounds of optional volume, at an average price above US\$42.

The Company will continue to progressively build its offtake book and has granted the Oman sovereign wealth fund the right to match any future long-term offtake transactions.

Exploration

During the last two years, over 3,600 soil samples have been collected along the area covered by the Salamanca mine. Ionic Leach technology was used for the analysis, which provides data for 60 different elements, including uranium. When the data was interpreted, not only was uranium taken into account, but the most common associations of elements corresponding to the paragenesis of deposits of other elements with economic interest have also been considered.

The result of the study of all these associations has given, in addition to the uranium, significant anomalies for other elements such as gold, lithium, cobalt, tin and rare earths.

Given this fact, the company has applied for twelve new investigation permits for all the other elements covering more than 350km². These new investigation permits, which were already accepted for processing by the mining authorities and are being considered now for public consultation, overlap in majority with the existing Company tenements, but are specific for the metallic elements (not uranium), which gives the opportunity as well to take advantage from the obvious synergies with the work already completed to date.

Engineering Studies

The Company continues to undertake optimisation reviews of the engineering design of the Salamanca project.

Following the identification of a number of opportunities to reduce the initial capital expenditure required to bring the mine into production, the Company has prepared a desktop study which develops these opportunities and gives an indication of the savings that may be achieved.

OPERATING AND FINANCIAL REVIEW (Continued)

Engineering Studies (Continued)

The areas identified for optimisation are:

- The ROM pad at Retortillo
- Size of the heap pad area and optimization of the transition between Retortillo and Zona 7
- Optimisation of the PLS flow in accordance to the heap size and leach cycle
- Re-size of the SX facility to accommodate the required flowrate
- And consequently, review the ADU precipitation area (overall thickeners) of the plant
- The modular buildings
- The kind of operation of the water treatment, outsourcing the operation of this facility

All of the above will be implemented with the aim of making the plant more efficient, without any reduction of the production capacity when Zona 7 potentially comes on-line but will accommodate the size of the facilities to actual demand, avoiding over sizing when not required.

The referred desktop study has also served as the underpinning documentation for the selection of the company which will review the existing design and provide the required update in the same level of detail which is now available.

A full tender process has been carried out, and proposals have been received from four well recognised engineering companies. The Company is now ready to award the contract for the review of the existing design, and confirm the potential capital savings before the execution contract is signed.

Committed to the highest environmental standards

The Salamanca mine is being developed to the highest international standards and the Company's commitment to the environment remains a priority. It holds certificates in Sustainable Mining and Environmental Excellence which were awarded by AENOR, an independent Spanish government agency. The Company was re-awarded both certificates following a consultation process with the agency.

The mine has been designed according to the latest thinking on sustainable mining. The extraction and treatment areas will be continuously rehabilitated as operations progress and with minimum disturbance during operations. Once operations are complete, all areas utilised by the Company will be fully restored to an improved agricultural state.

As part of the Environmental Licence and the Environmental Measures Plan over 30,000 young oak trees will be planted over an area of 75 to 100 hectares. The first 20,000 of these will be planted in the nearby municipality of Vitigudino over an area of more than 500 hectares currently used by cattle farmers.

Commitment to the community

The Company has invested more than €70 million developing the Salamanca mine over the past decade and plans to invest an additional €250 million over the life of the project.

The Company has signed Cooperation Agreements with the highly supportive local municipalities, demonstrating its commitment to fostering positive relationships with these communities.

To date, through these agreements, the Company has provided Wifi networks for local villages, built play areas for children, repaired sewage water plants, upgraded sports facilities, and sponsored various sporting events and local festivals.

The Company has worked tirelessly over the past decade to develop positive and mutually beneficial relationships with the local communities and will continue to do so as construction ramps up.

OPERATING AND FINANCIAL REVIEW (Continued)

Results of Operations

The net profit of the Consolidated Entity for the half year ended 31 December 2018 was \$61,330,000 (31 December 2017: loss of \$40,714,000). Significant items contributing to the current half year profit and the substantial differences from the previous half year loss include the following:

- (i) Exploration and evaluation expenses of \$3,987,000 (31 December 2017: \$7,817,000), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred subsequent to the acquisition of the rights to explore and up to and until a decision to develop or mine is made;
- (ii) Business development expenses of \$674,000 (31 December 2017: \$1,087,000), which includes the Group's investor relations activities including but not limited to public relations costs, marketing and digital marketing, broker fees, travel costs, conference fees, business development consultant fees and stock exchange admission fees;
- (iii) Non-cash share based payments gain of \$2,183,000 (31 December 2017: expense of \$267,000) was recognised in respect of incentive securities granted to directors, employees and key consultants. The Company's policy is to expense the incentive securities over the vesting period (which for Performance Rights is generally the life of the security). The gain during the period is due to 3.6 million unvested performance rights expiring 31 December 2018 with the previous expense recognised being reversed;
- (iv) Non-cash fair value movement gain of \$59,560,000 (31 December 2017: loss of \$24,868,000) on the convertible note and unlisted options issued to SGRF ('SGRF Options'). These financial liabilities increase or decrease in size as the share price of the Company fluctuates. With the share price decreasing substantially during the half-year to 31 December 2018, the size of financial liability has decreased materially resulting in a large fair value gain for the period. As the convertible note and SGRF Options convert into shares, the liabilities will be reclassified to equity and will require no cash settlement by the Company.

Commercially, the intentions of both SGRF and the Company prior to completing the convertible note transaction was to enter into an equity type deal. The Company has however complied with the accounting standards and accounted for the convertible note as a financial liability.

Under the ASX Listing Rules, the convertible note and SGRF options are defined as equity securities.

Due to the conversion terms of the convertible note leading to the issuance of a variable number of ordinary shares in the Company in return for conversion of the convertible note, the Company is required under the accounting standards to account for the convertible note as a current financial liability at fair value through profit and loss, despite the Company having no obligation to extinguish the convertible note using its cash resources;

- (v) Last period, the Group incurred one off costs to issue the convertible note and associated securities of \$2,697,000 (31 December 2018: nil); and
- (vi) Recognition of interest income of \$1,121,000 (31 December 2017: \$140,000) owing to the significantly larger average cash position of the Group in the six months to 31 December 2018 compared to the previous period to 31 December 2017 following the receipt of SGRF funds on issue of the convertible note which occurred on 30 November 2017.

Financial Position

At 31 December 2018, the Group is in an extremely strong financial position with cash reserves of \$99,876,000.

The Group had net assets of \$106,342,000 at 31 December 2018 (30 June 2018: \$46,780,000), an increase of 127% compared with 30 June 2018. The increase is consistent and largely attributable to the decrease in value of the non-cash financial liabilities at fair value through profit and loss (the convertible note and SGRF Options).

Business Strategies and Prospects for Future Financial Years

Berkeley's strategic objective is to create long-term shareholder value by becoming a uranium producer in the near term, through the development and construction of the Salamanca mine.

To achieve its strategic objective, the Company currently has the following business strategies and prospects:

- Progress with seeking further offtake partners. The Company has maintained its preference to combine fixed and market related pricing across its contracts in order to secure positive margins in the early years of production whilst ensuring the Company remains exposed to potentially higher prices in the future;

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- Advance the Salamanca mine through the development phase into the main construction phase and then into production;
- Continue to progress permitting and maintain the required licences to develop and operate at the Salamanca mine;
- Continue to explore the Company's portfolio of tenements in Spain targeting further Zona 7 style deposits aimed at making new discoveries and converting some of the 29.6 million pounds of Inferred resources into the mine schedule with the objective of maintaining annual production at over 4 million pounds a year on an ongoing basis; and
- Assess other development opportunities in the Salamanca region.

As with any other mining projects, all of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. The material business risks faced by the Company that are likely to have an effect on the Company's future prospects, and how the Company manages these risks, include but are not limited to the following:

- *Mining licences and government approvals required* – With the mining licence, environmental licence and the authorisation of exceptional land use already obtained at the Salamanca mine, the next two major approvals for the mine includes the Urbanism Licence by the relevant municipal authority and the Construction Authorisation by the Ministry of Ecological Transition for the treatment plant as a radioactive facility. The Company is currently seeking an express resolution from the local municipality on the award of the Urbanism Licence. During the half-year, the Company has been informed that the local municipality remains unable to grant the Express Resolution on the award of the Urbanism Licence due to a number of outstanding items. These outstanding items have been previously disclosed and are currently being addressed by the Company. The timing of the award of the Urbanism Licence continues to remain uncertain, is outside of the Company's control, and is unlikely to be received imminently. As a result, the construction and commissioning phases of the Salamanca mine are only expected to commence in 2019 subject to the award of the Urbanism Licence and all other relevant permits and approvals.

Various appeals have also been made against a number of permits and approvals discussed above, as allowed for under Spanish law, and the Company expects that further appeals will be made against these and future authorisations and approvals in the ordinary course of events. Whilst none of these appeals have been finally determined, no precautionary or interim measures have been granted in relation to the appeals regarding the award of licences and authorisations at the Salamanca mine to date. However, the successful development of the Salamanca mine will be dependent on the granting of all permits and licences necessary for the construction and production phases, in particular the award of the Urbanism Licence and Construction Authorisation which will allow for the construction of the plant as a radioactive facility with both approvals currently outstanding.

The Company has received more than 120 favourable reports and permits for the development of the mine to date, however with any development project, there is no guarantee that the Company will be successful in applying for and maintaining all required permits and licences to complete construction and subsequently enter into production. If the required permits and licences are not obtained, then this could have a material adverse effect on the Group's financial performance, which may lead to a reduction in the carrying value of assets and may materially jeopardise the viability of the Salamanca mine and the price of its Ordinary Shares;

- *The Company's activities are subject to Government regulations and approvals* – Any material adverse changes in government policies or legislation of Spain that affect uranium mining, processing, development and mineral exploration activities, income tax laws, royalty regulations, government subsidies and environmental issues may affect the viability and profitability of the Salamanca mine. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could adversely impact the Group's mineral properties;
- *Additional requirements for capital* – The issue of the US\$65 million Convertible Note and SGRF Options to SGRF has provided the Company the funds to complete the upfront capital items at the Salamanca mine, subject to the SGRF Options being exercised early. Due to the delays in the receipt of final permits as discussed above (the receipt of express resolution on the Urbanism Licence and the Construction Authorisation) the Company has been funding its ongoing working capital requirements which has reduced the amount available to fund full construction. This position will continue for so long as the final permits remain outstanding, unless the SGRF Options are exercised early.



DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

As a result of these delays, the Company expects that following receipt of the permits and in order to fully fund the full construction of the Salamanca mine into steady state production, it will be required to raise additional funding in order to meet the capital costs of the mine development and to fund working capital until positive cash flows are achieved. As a result, it is expected that the Salamanca mine will not reach steady state production prior to 2020 and that fully funding full construction and reaching steady state production will be dependent on the SGRF Options being exercised or alternative funding being secured;

- *The Company may be adversely affected by fluctuations in commodity prices* – The price of uranium has fluctuated widely since the Fukushima nuclear power plant disaster in March 2011 and is affected by further numerous factors beyond the control of the Company. Future production, if any, from the Salamanca mine will be dependent upon the price of uranium being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk, but as the Company's Project advances, this policy will be reviewed periodically;
- *The Group's projects are not yet in production* – As a result of the substantial expenditures involved in mine development projects, mine developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the mine; and
- *Global financial conditions may adversely affect the Company's growth and profitability* – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and energy markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 23 January 2019, the Company announced that it had received a number of favourable assessments from various regulatory bodies including two from the Nuclear Safety Council relating to the pre-operational Surveillance Plan for Radiological and Environmental Affections and the pre-operational Surveillance Plan for the Control of the Underground Water. The Company awaits the recommendation report from the Nuclear Safety Council to the relevant Minister.

Other than as disclosed above, there were no significant events occurring after balance date requiring disclosure.

ROUNDING

The amounts contained in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the Directors of Berkeley Energia Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 21 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.

Paul Atherley
Managing Director and CEO

8 March 2019



DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Berkeley Energia Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes, as set out on pages 8 to 20, are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date.
- (b) The Directors Report, which includes the Operating and Financial Review, includes a fair review of the information required by:
- (i) DTR4.2.7R of the Disclosure and Transparency Rules in the United Kingdom, being an indication of important events during the first six months of the current financial year and their impact on the half-year financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR4.2.8R of the Disclosure and Transparency Rules in the United Kingdom, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have such a material effect; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Paul Atherley
Managing Director and CEO

8 March 2019

**CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 31 DECEMBER 2018



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	Note	Half Year Ended 31 December 2018 \$000	Half Year Ended 31 December 2017 \$000
Revenue	5	1,121	140
Exploration and evaluation costs		(3,987)	(7,817)
Corporate and administration costs		(958)	(824)
Business development expenses		(674)	(1,087)
Share based payments expense		2,183	(267)
Fair value movements on non-cash settled financial liabilities	6	59,560	(24,868)
Foreign exchange movements		4,085	(3,294)
Cost to issue convertible note		-	(2,697)
Profit/(loss) before income tax		61,330	(40,714)
Income tax expense		-	-
Profit/(loss) after income tax		61,330	(40,714)
Other comprehensive income, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		442	214
Other comprehensive income, net of income tax		442	214
Total comprehensive income/(loss) for the half year attributable to Members of Berkeley Energia Limited		61,772	(40,500)
Basic earnings/(loss) per share (cents per share)		17.07	(16.00)
Diluted earnings/(loss) per share (cents per share)		17.02	(16.00)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**
AS AT 31 DECEMBER 2018



	Note	31 December 2018 \$000	30 June 2018 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		99,876	100,935
Trade and other receivables		2,779	1,849
Total Current Assets		102,655	102,784
Non-current Assets			
Exploration expenditure	7	8,282	8,203
Property, plant and equipment	8	11,869	11,534
Other financial assets		545	527
Total Non-Current Assets		20,696	20,264
TOTAL ASSETS		123,351	123,048
LIABILITIES			
Current Liabilities			
Trade and other payables		814	909
Other financial liabilities		565	550
Non-cash settled convertible note liability	9	15,477	69,552
Non-cash settled option liability	9	153	5,257
Total Current Liabilities		17,009	76,268
TOTAL LIABILITIES		17,009	76,268
NET ASSETS		106,342	46,780
EQUITY			
Issued capital	10	169,687	169,633
Reserves	11	(273)	1,549
Accumulated losses		(63,072)	(124,402)
TOTAL EQUITY		106,342	46,780

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018



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	Issued Capital \$000	Share Based Payments Reserve \$000	Foreign Currency Translation Reserve \$000	Accumulated Losses \$000	Total \$000
As at 1 July 2018	169,633	2,803	(1,254)	(124,402)	46,780
Total comprehensive income for the period:					
Net profit for the period	-	-	-	61,330	61,330
Other comprehensive income:					
Exchange differences arising on translation of foreign operations	-	-	442	-	442
Total comprehensive income	-	-	442	61,330	61,772
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	79	-	-	-	79
Share issue costs	(25)	-	-	-	(25)
Forfeiture of performance rights	-	(3,163)	-	-	(3,163)
Share based payment expense	-	899	-	-	899
As at 31 December 2018	169,687	539	(812)	(63,072)	106,342
As at 1 July 2017	168,051	2,791	(2,684)	(119,691)	48,467
Total comprehensive loss for the period:					
Net loss for the period	-	-	-	(40,714)	(40,714)
Other comprehensive income:					
Exchange differences arising on translation of foreign operations	-	-	214	-	214
Total comprehensive income/(loss)	-	-	214	(40,714)	(40,500)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	17	-	-	-	17
Share based payment expense	-	250	-	-	250
As at 31 December 2017	168,068	3,041	(2,470)	(160,405)	8,234

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018



	Half Year Ended 31 December 2018 \$000	Half Year Ended 31 December 2017 \$000
Cash flows from operating activities		
Payments to suppliers and employees	(6,458)	(10,148)
Interest received	1,085	147
Net cash outflow from operating activities	(5,373)	(10,001)
Cash flows from investing activities		
Payments for property, plant and equipment	(126)	(550)
Net cash outflow from investing activities	(126)	(550)
Cash flows from financing activities		
Proceeds from issue of securities	-	-
Transaction costs from issue of securities	(25)	-
Proceeds from issue of convertible note and options	-	85,823
Transaction costs from issue of convertible note and options	-	(2,697)
Net cash inflow from financing activities	(25)	83,126
Net increase/(decrease) in cash and cash equivalents held	(5,524)	72,575
Cash and cash equivalents at the beginning of the period	100,935	34,815
Effects of exchange rate changes on cash and cash equivalents	4,465	(2,015)
Cash and cash equivalents at the end of the period	99,876	105,375

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018



1. REPORTING ENTITY

Berkeley Energia Limited is a company domiciled in Australia. The interim financial report of the Company is as at and for the six months ended 31 December 2018.

The annual financial report of the Company as at and for the year ended 30 June 2018 is available upon request from the Company's registered office or is available to download from the Company's website at www.berkeleyenergia.com.

2. STATEMENT OF COMPLIANCE

The interim financial report is a general purpose condensed financial report which has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Berkeley Energia Limited for the year ended 30 June 2018 and any public announcements made by Berkeley Energia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report was approved by the Board of Directors on 7 March 2019.

(a) Basis of Preparation of Half Year Financial Report

The principal accounting policies adopted in the preparation of the financial report have been consistently applied to all the periods presented, unless otherwise stated.

The amounts contained in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of certain financial assets and liabilities at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied by the Consolidated Entity in this consolidated interim condensed financial report are the same as those applied by the Consolidated Entity in its consolidated financial report for the year ended 30 June 2018.

In the current period, the Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current half year that are relevant to the Group include:

- AASB 9 *Financial Instruments*, and relevant amending standards;
- AASB 15 *Revenue from Contracts with Customers*, and relevant amending standards;
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*; and
- AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. A discussion on the impact of the adoption of AASB 9 is included below.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Changes in Accounting Policies

The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 30 June 2018, except for new standards, amendments to standards and interpretations effective 1 January 2018 as set out in this note. The Company has set out below the main changes due to the adoption of AASB 9.

Impact of Changes – AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 which has resulted in changes to accounting policies and the analysis for possible adjustments to amounts recognised in the Interim Financial Reports. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the balance sheet as at 30 June 2018 but recognised in the opening balance sheet as at 1 July 2018. As per the new impairment model introduced by AASB 9, the Company has not recognised a loss allowance on trade and other receivables.

Classification and Measurement

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

The following table summarises the impact on the classification and measurement of the Group's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Asset/liability	AASB 139	AASB 9	Reported \$	Restated \$
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised Cost	No change	No change
Trade and other receivables/payables	Loans and receivables	Loans and receivables	Amortised Cost	No change	No change
Financial liabilities at fair value through profit and loss	Financial liability	Fair Value	Fair Value	No change	No change

The Company does not currently enter into any hedge accounting and therefore there is no impact to the Company's Interim Financial Reports.

Impairment

AASB 9 introduces a new expected credit loss ("ECL") impairment model that requires the Company to adopt an ECL position across the Company's financial assets at 1 July 2018. The Company's receivables balance consists of GST/VAT refunds from recognised government entities and interest receivables from recognised Australian banking institutions. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, an impairment loss would be considered immaterial.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Given the Company's counterparties are government entities and Australian banking institutions, the Company has assessed that the risk of default is minimal and as such, no impairment loss has been recognised against these receivables as at 31 December 2018.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Issued standards and interpretations not early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the reporting period ended 31 December 2018. Those which may be relevant to the Company are set out in the table below, but these are not expected to have any significant impact on the Company's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 16 Leases	1 January 2019	1 July 2019
<i>Interpretation 23 Uncertainty over Income Tax Treatments</i>	1 January 2019	1 July 2019
AASB 2017-7 Amendments – Long-term Interests in Associates and Joint Venture Amendments to IAS 28 and Illustrative Example – Long-term Interests in Associates and Joint Ventures	1 January 2019	1 July 2019
AASB 2018-1 Amendments – Annual Improvements 2015-2017 Cycle	1 January 2019	1 July 2019
AASB 2018-2 Amendments – Plan Amendment, Curtailment or Settlement (AASB 119)	1 January 2019	1 July 2019

AASB 16 Leases

AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. Under current requirements, leases are classified based on their nature as either finance leases which are recognised on the Statement of Financial Position, or operating leases, which are not recognised on the Statement of Financial Position.

Under AASB 16 Leases, the Company's accounting for operating leases as a lessee will result in the recognition of a right-of-use ("ROU") asset and an associated lease liability on the Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term and low value leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

Although the Company is yet to complete its assessment, adoption of AASB 16, which is expected to have an immaterial impact on the financial statements of the Company due to the minimal number, if any, of non-cancellable leases currently entered into by the Company which would not fall under a short-term or low value exception.

Transition

The Company will initially apply AASB 16 on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under AASB 117, the Company can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company is assessing the potential impact of using these practical expedients.

Although the Company is yet to complete its assessment, it is expected that the adoption of AASB 16 will have minimal impact if any on the financial statements of the Company. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend however on future economic conditions, including the Company's borrowing rate, the composition of the Company's lease portfolio, the extent to which the Company elects to use practical expedients and recognition exemptions, and the new accounting policies, which are subject to change until the Company presents its first financial statements that include the date of initial application.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



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4. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one operating segment, being exploration for mineral resources within Spain. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity. All material non-current assets excluding financial instruments are located in Spain.

5. REVENUE

	Consolidated 31 December 2018 \$000	Consolidated 31 December 2017 \$000
Interest revenue	1,121	140

6. FAIR VALUE MOVEMENTS

	Consolidated 31 December 2018 \$000	Consolidated 31 December 2017 \$000
Fair value gain/(loss) on financial liabilities through profit and loss	59,560	(24,868)

The fair value movements are a result of the fair value measurements of the convertible note and unlisted options issued to SGRF. These financial liabilities increase or decrease in size as the share price of the Company fluctuates. With the share price decreasing substantially during the half-year to 31 December 2018, the size of financial liability has decreased materially resulting in a large fair value gain for the period. As the convertible note and SGRF Options convert into shares, the liabilities will be reclassified to equity and will require no cash settlement by the Company. Please refer to note 9 for further disclosure.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



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7. NON-CURRENT ASSETS – EXPLORATION EXPENDITURE

	Consolidated 31 December 2018 \$000	Consolidated 30 June 2018 \$000
The group has mineral exploration costs carried forward in respect of areas of interest ¹ :		
Areas in exploration at cost:		
<u>Salamanca mine</u>		
Balance at the beginning of period	8,203	7,945
Net additions	-	106
Foreign exchange differences	79	152
Balance at end of period^{1,2}	8,282	8,203

¹ The value of the exploration interests is dependent upon the discovery of commercially viable reserves and the successful development or alternatively sale of the respective tenements. An amount of €6m was capitalised for the fees paid to ENUSA under the Co-operation Agreement relating to the tenements within the State Reserves. The Company reached agreement with ENUSA in July 2012 in the form of an Addendum to the Consortium Agreement signed in January 2009. The Addendum includes the following terms:

- The Consortium consists of the Addendum Reserves (State Reserves Salamanca 28 and 29);
- Berkeley's stake in the Consortium increased to 100%;
- ENUSA will remain the owner of State Reserves 28 and 29, however, the exploitation rights have been assigned to Berkeley, together with authority to submit all applications for the permitting process;
- The Company is now the sole and exclusive operator in the Addendum Reserves, with the right to exploit the contained uranium resources and have full ownership of any uranium produced;
- ENUSA will receive a production fee equivalent to 2.5% of the net sale value (after marketing and transport costs) of any uranium produced within the Addendum Reserves;
- Berkeley has waived its rights to mining in State Reserves 2, 25, 30, 31, Hoja 528-1 and the Saelices El Chico Exploitation Concession, and has waived any rights to management of the Quercus plant; and
- The Co-operation Agreement with ENUSA, signed on 29 January 2009, has been terminated.

The Groups accounting policy is to account for contingent consideration on asset acquisitions as contingent liabilities.

² In June 2016, the Company completed an upfront royalty sale to major shareholder Resource Capital Funds ('RCF'). The royalty financing comprised the sale of a 0.375% fully secured net smelter royalty over the project for US\$5 million (A\$6.7million)

8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated 31 December 2018 \$000	Consolidated 30 June 2018 \$000
Balance at the beginning of period, net of accumulated depreciation and impairment	11,534	9,799
Additions	126	1,398
Depreciation charge for the period	(124)	(311)
Foreign exchange differences	333	648
Balance at end of period, net of accumulated depreciation and impairment	11,869	11,534

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



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9. NON-CASH SETTLED FINANCIAL LIABILITIES

	Consolidated 31 December 2018 \$000	Consolidated 30 June 2018 \$000
(a) Financial liabilities at fair value through profit and loss:		
Current Liability		
Convertible note	15,477	69,552
SGRF Options	153	5,257
	15,630	74,809

On 30 November 2017, the Company issued an interest-free and unsecured US\$65 million convertible note which can be converted into ordinary shares at £0.50 per share upon commissioning of the Salamanca mine, or by SGRF at any time at their choosing. Should the Company raise further equity prior to conversion of the convertible note at a price below £0.50 then the conversion price of the convertible note will be reset to the issue price of the equity raising, subject to a floor price of £0.27 per share. If mine commissioning has not occurred by 30 November 2021, then the convertible note will automatically convert into shares at the lower of £0.50 per share or the last trading price of the Company's shares on LSE at the relevant time, subject to conversion at the floor price of £0.27 per share. The exchange rate fixed in the contract is US\$1.00: £0.776.

Due to the conversion terms of the convertible note leading to the issuance of a variable number of ordinary shares in the Company in return for conversion of the convertible note, the Company is required under the accounting standards to account for the convertible note as a financial liability through profit and loss, despite the Company having no obligation to extinguish the convertible note using its cash and cash equivalents.

As part of the convertible note transaction, the Company also issued SGRF with 50,443,124 unlisted options which are exercisable at an average price of £0.85 per share contributing an additional US\$55 million of funding if exercised in the future.

	Consolidated 30 June 2018			Consolidated 31 December 2018
	Opening Balance \$000	Fair Value Change \$000	Foreign Exchange Loss/(Gain) \$000	Total \$000
(b) Reconciliation:				
Convertible note	69,552	(54,438)	363	15,477
SGRF Options	5,257	(5,122)	18	153
Total fair value	74,809	(59,560)	381	15,630

(c) Fair Value Estimation

The fair value of the SGRF Options was determined using a binomial option pricing model. The fair value of the convertible note has been calculated using a probability-weighted payout approach on the basis that it is currently highly probable that the convertible note will be converted at the £0.50 conversion price. The fair value movement of both the SGRF Options and the convertible note has been recognised in the Statement of Profit and Loss. Both fair value measurements are Level 2 valuation in the fair value hierarchy.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



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9. NON-CASH SETTLED FINANCIAL LIABILITIES (Continued)

The reporting date fair values of the convertible note and SGRF Options were estimated using the following assumptions:

Convertible note:

	31 December 2018
Conversion price	£0.500
Valuation date share price	£0.085
Number of shares ('000)	100,880
Fair value (\$)	0.153

SGRF Options:

31 December 2018	Tranche 1	Tranche 2	Tranche 3
Exercise price	£0.600	£0.750	£1.000
Valuation date share price	£0.085	£0.085	£0.085
Dividend yield ¹	-	-	-
Volatility ²	50%	50%	50%
Risk-free interest rate	1.02%	1.02%	1.02%
Number of SGRF Options	10,088,625	15,132,973	25,221,562
Issue date	30 Nov 2017	30 Nov 2017	30 Nov 2017
Estimated Expiry date	30 Nov 2022	31 May 2023	30 Nov 2023
Fair value (£)	£0.002	£0.002	£0.001
Fair value (\$)	\$0.004	\$0.003	\$0.003

¹ The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

² The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



10. CONTRIBUTED EQUITY

(a) Issued and Paid Up Capital

	Consolidated 31 December 2018 \$000	Consolidated 30 June 2018 \$000
258,415,000 (30 June 2018: 258,334,000) fully paid ordinary shares	169,687	169,633

(b) Movements in Ordinary Share Capital during the Six Month Period ended 31 December 2018:

Date	Details	Number of Shares '000	\$000
1 Jul 18	Opening Balance	258,334	169,633
17 Aug 18	Issue of shares	81	79
Jul 18 to Dec 18	Share issue costs	-	(25)
31 Dec 18	Closing Balance	258,415	169,687

11. RESERVES

	Consolidated 31 December 2018 \$000	Consolidated 30 June 2018 \$000
Share based payments reserve (Note 11(a))	539	2,803
Foreign currency translation reserve	(812)	(1,254)
	(273)	1,549

(a) Movements in Options and Performance Rights during the Six Month Period ended 31 December 2018:

Date	Details	Number Incentive Options '000	Number Performance Rights '000	\$000
1 Jul 18	Opening Balance	3,500	8,246	2,803
10 Aug 18	Grant of Performance Rights	-	1,100	-
31 Dec 18	Forfeiture of Performance Rights	-	(3,603)	(3,163)
Jul 18 to Dec 18	Share based payment expense	-	-	899
31 Dec 18	Closing Balance	3,500	5,743	539

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There was no material change in contingent liabilities or contingent assets from those previously disclosed at the last reporting period.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)



13. COMMITMENTS

Since the last reporting period, management have identified the following material commitments for the group as at 31 December 2018 (30 June 2018: \$813,000):

	Payable within 1 year \$000	Payable after 1 year and less than 5 years \$000	Total \$000
31 December 2018			
Operating Commitments	459	150	609

Operating commitments include contracts for the provision of serviced offices and minimum operational supply agreements. The disclosed amounts are based on the current terms of agreements and based on current levels of operating activities. Agreements entered into by the Group generally provide early termination clauses for the cancellation of agreements allowing the Group to modify the ongoing level of expenditure at an amount significantly less than the disclosed commitments above.

14. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The majority of the Group's financial instruments consist of those which are measured at amortised cost including trade and other receivables, security bonds, trade and other payables and other financial liabilities. The carrying amount of these financial assets and liabilities approximate their fair value. Please refer to notes 6 and 9 for details on the fair value of non-cash settled financial liabilities classified as fair value through profit and loss.

16. SUBSEQUENT EVENTS AFTER BALANCE DATE

On 23 January 2019, the Company announced that it had received a number of favourable assessments from various regulatory bodies including two from the Nuclear Safety Council relating to the pre-operational Surveillance Plan for Radiological and Environmental Affections and the pre-operational Surveillance Plan for the Control of the Underground Water. The Company awaits the recommendation report from the Nuclear Safety Council to the relevant Minister.

Other than as disclosed above, there were no significant events occurring after balance date requiring disclosure.

Forward Looking Statement

Statements regarding plans with respect to Berkeley's mineral properties are forward-looking statements. There can be no assurance that Berkeley's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Berkeley will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Berkeley's mineral properties.

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AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Berkeley Energia Limited

As lead auditor for the review of the half-year financial report of Berkeley Energia Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Berkeley Energia Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads "Ernst + Young".

Ernst & Young

A handwritten signature in black ink that reads "T S Hammond".

T S Hammond
Partner
Perth
8 March 2019

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Independent auditor's review report to the members of Berkeley Energia Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Berkeley Energia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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AUDITOR'S REVIEW REPORT
(Continued)



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

T S Hammond
Partner
Perth
8 March 2019

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